

MOTION BY SUPERVISOR SHEILA KUEHL

June 22, 2015

The County of Los Angeles assigns charges for services, user fees, regulatory fees and similar charges for specific services, as allowed under the California Constitution and California law. Proposition 26, adopted by California voters in November of 2010, further requires that fees charged must only recover the "reasonable cost" to the County of providing the service or the specific benefit requested and that the County's cost allocation must also be "fair or reasonable."

Since the start of the Great Recession in Fiscal Year (FY) 2008-09, many County departments have not raised or have minimized raises to their fee schedules, to reduce the financial burden on County residents and businesses. Over this time period, however, the County's costs of doing business have continued to rise, such that many fees no longer recover the true cost of providing the requested service, which has put greater strain on the County budget.

The Los Angeles County Fiscal Manual provides instruction to County departments on administering departmental revenues, including those generated through user, regulatory and other fees for specific services. Section 9.1.3 (Internal Controls Over Revenue) of the Fiscal Manual further directs that "fees charged are

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reviewed annually and recommendations for adjustments are made when fees no longer recoup the costs of the services provided.”

In the FY 2015-16 Recommended Budget, the Interim Chief Executive Officer instructed each County department to submit Schedule EE: a “Statement of Revenue from Various Fees,” which includes a listing of each fee charged, historical revenue collections, the basis for the fee and the most recent adjustment to the fee. A preliminary analysis of this fee information indicates that some fees have not been adjusted since September of 1996, or earlier.

I, THEREFORE MOVE that the Board of Supervisors instruct the Interim Chief Executive Officer to:

1. Compile the Statements of Revenue from Various Fees for the Fiscal Year 2015-16 Recommended Budget into a centralized database.
2. Produce a report, within 60 days:
 - a. That provides descriptive statistics on fees by department and countywide.
 - b. That provides an analysis of all fees that have not been adjusted in five years or longer.
 - c. The report should identify the three-to-six departments with the greatest volume of fees, by dollar value or by number of fee payments, which have not been adjusted in the last five years, and should include recommendations and a timeline to comprehensively review each department’s fee structure, including fee levels, cost recovery, departmental cost allocation and potential new fees, in the context of the development of the Fiscal Year 2016-17 Recommended Budget.

I FURTHER MOVE that the Board of Supervisors instruct the Citizens’ Economy

and Efficiency Commission to provide a report to the Board in 120 days that, relative to the departments identified in Item 2(c) above, provides an analysis of fees and charges which compares the types of fees, fee levels, services provided and cost recovery at Los Angeles County with those at other peer counties in California.

KK: Fee Study Motion – v. 1